

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT

LAPEER, MICHIGAN

AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2008

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Lewis & Knopf, CPAs, P.C.

Serving You with Trust and Integrity

October 3, 2008

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Lapeer County Intermediate School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lapeer County Intermediate School District, as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lapeer County Intermediate School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lapeer County Intermediate School District as of June 30, 2008, and respective changes in financial position thereof and the respective budgetary comparison for the General Fund, Special Education Fund and Vocational Education Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report under separate cover dated October 3, 2008 on our consideration of the Lapeer County Intermediate School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis information on pages II - X, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lapeer County Intermediate School District's basic financial statements. The additional information on pages 20 - 37 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

LEWIS & KNOPF, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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LAPEER INTERMEDIATE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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The Management Discussion and Analysis, a requirement of GASB 34, is intended to be the Lapeer Intermediate School District's administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2008.

Generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: Fund Financial Statements and District Wide Financial Statements.

**Fund Financial Statements:**

The School District's fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Special Education and Vocational Funds are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Governmental funds – All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in a reconciliation.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

**District Wide Financial Statements:**

The District wide financial statements are full accrual basis statements. They report all of the District's assets and liabilities, both short and long term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and obligations of the District are reported in the Statement of Net Assets of the District wide financial statements.

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

LAPEER INTERMEDIATE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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**District Wide Financial Statements:** (Continued)

These two statements report the Lapeer Intermediate School District net assets – the difference between assets and liabilities, as reported in the statement of net assets – as one way to measure the School District’s financial health or financial position. Over time, increases or decreases in the School District’s net assets – as reported in the statement of activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District’s operating results. However, the School District’s goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net assets and the statement of activities report the governmental activities for the School District, which encompasses all of the School District’s services, including instruction, support services. Property taxes, unrestricted State aid, and State and federal grants finance most of these activities.

**The School District as Trustee – Reporting the School District’s Fiduciary Responsibilities**

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District’s fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the School District’s other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**SUMMARY OF NET ASSETS:**

The following summarizes the net assets at the fiscal years ended June 30, 2008 and 2007:

	<u>NET ASSETS SUMMARY</u>	
	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Current Assets	\$13,615,500	\$8,782,337
Non-Current Assets	<u>7,036,087</u>	<u>6,870,566</u>
<u>TOTAL ASSETS</u>	<u>\$20,651,587</u>	<u>\$15,652,903</u>
<u>LIABILITIES</u>		
Current Liabilities	\$1,201,330	\$1,014,952
Long-Term Liabilities	<u>4,573,995</u>	<u>1,341,284</u>
Total Liabilities	\$5,775,325	\$2,356,236
 NET ASSETS		
Invested in Capital Assets - Net of Related Debt	7,468,316	5,824,390
Restricted for Debt Service	247,904	166,688
Unrestricted	<u>7,160,042</u>	<u>7,305,589</u>
Total Net Assets	<u>\$14,876,262</u>	<u>\$13,296,667</u>
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$20,651,587</u>	<u>\$15,652,903</u>

LAPEER INTERMEDIATE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**RESULTS OF OPERATIONS:**

For the fiscal years ended June 30, 2008 and 2007, the District wide results of operations were:

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>		
General Revenues:		
Property Taxes Levied for General Operations	\$420,772	\$398,987
Property Taxes Levied for Special Education Operations	2,225,172	2,154,145
Property Taxes Levied for Vocational Education Operations	5,177,937	4,985,050
Property Taxes Levied for Debt Service	297,465	248,781
State of Michigan Unrestricted Aid	929,672	921,090
Other General Revenues	516,114	532,054
Total General Revenues	<u>\$9,567,132</u>	<u>\$9,240,107</u>
<u>Operating Grants:</u>		
Federal	3,651,104	3,639,820
State of Michigan	1,146,919	1,325,239
Other Grants	476,312	483,069
Total Operating Grants	<u>\$5,274,335</u>	<u>\$5,448,128</u>
Charges for Services:		
General Fund	555,811	506,672
Special Education Fund	201,499	180,998
Vocational Education Fund	86,719	93,169
Total Charges for Services	<u>\$844,029</u>	<u>\$780,839</u>
Total Revenues	<u>\$15,685,496</u>	<u>\$15,469,074</u>
<u>EXPENSES</u>		
Instruction & Instructional Support	4,608,824	4,640,966
Support Services	8,939,811	9,199,014
Community Services	261,600	263,378
Interest on Long-Term Debt	58,284	39,892
Depreciation	237,382	225,227
Total Expenses	<u>\$14,105,901</u>	<u>\$14,368,477</u>
<u>INCREASE IN NET ASSETS</u>	<u>\$1,579,595</u>	<u>\$1,100,597</u>
BEGINNING NET ASSETS	<u>13,296,667</u>	<u>12,196,070</u>
<u>ENDING NET ASSETS</u>	<u><u>\$14,876,262</u></u>	<u><u>\$13,296,667</u></u>

LAPEER INTERMEDIATE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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## **GOVERNMENT- WIDE FINANCIAL ANALYSIS**

### Analysis of Financial Position:

During the year ended June 30, 2008, the District's Total Net Assets increased by \$1,579,595 to a total of \$14,876,262. The largest portion of the net assets is the District's investment in capital assets. Net assets (invested in capital assets, net of related debt) increased by \$1,643,926 during the year due to purchases of new capital assets and principal payments on related debt exceeding depreciation. The districts Unrestricted Net Assets decreased by \$145,547 during the year and the restricted portion of the net assets increased by \$81,216. The restricted Net Assets consist of restricted debt retirement funds that may only be used to pay bonded debt and restricted capital projects funds that may only be used to fund capital projects. The unrestricted net assets may be used to fund the educational services provided to students.

### Analysis of Results of Operations

The district's overall revenues exceeded its expenses for the year by \$1,579,595. The total revenues increased by \$216,422. The major changes were increases in property taxes. Expenditures decreased by \$262,576. A major change was that funds were transferred to the 2008 School Improvement fund for a major building addition as opposed to the smaller projects that were completed within the funds the prior year.

## **FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS – GOVERNMENTAL FUNDS**

### Analysis of Financial Position

The focus of the District's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the district's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. An analysis of changes for the governmental funds is as follows:

#### General Fund

The district's general fund is the chief operating fund of the district. Unreserved fund balance for the general fund decreased by \$4,180 during the year with the decrease coming primarily from a decrease in cash. Revenues for the year decreased by \$18,182 from prior year, primarily from an decreases in state revenues. Expenditures increased by \$38,272 from the prior year primarily due to increases in employee costs. The major sources of general fund revenues are state aid and taxes. An analysis of the major revenue sources is as follows:

1. State of Michigan Aid (Section 81)

The State of Michigan aid provided under Section 81 of the State Aid Act provides the majority of state aid to the District's General Fund. Funding to the District under Section 81 is provided to comply with the requirements of the State Aid Act and to provide technical assistance to local districts as authorized by the intermediate school board. Funding under Section 81 was \$866,810 for the fiscal year, an increase of \$8,582 from the prior year.

2. Property Taxes Levied For General Operations (General Fund Homestead and Non-Homestead Taxes)

The District levies .1866 mills of property taxes for operations (General Fund) on Homestead and Non-Homestead Properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's property tax revenue for the 2007-2008 fiscal year was \$420,772. An increase of \$21,785 from the prior year.

LAPEER INTERMEDIATE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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**FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS – GOVERNMENTAL FUNDS (Continued)**

Analysis of Financial Position (Continued)

Special Education Fund

Unreserved fund balance for the special education fund decreased by \$474,673 during the year with the decrease coming primarily from a decrease in cash. Revenues for the year decreased by \$63,214 from the prior year primarily due to decreases in state sources and other local revenues. Expenditures and other financing uses increased by \$799,999 from the prior year, primarily due to a transfer of \$1,020,000 to the 2008 School Improvement fund for the addition of classrooms. The major sources of special education revenues are Federal grants, state aid and taxes. An analysis of the major revenue sources is as follows:

1. State of Michigan Aid (Section 51)

The State of Michigan aid provided under Section 51 of the State Aid Act provides the majority of state aid to the District's Special Education Fund. Funding to the District under Section 51 is provided to reimburse the District for unreimbursed costs of special education programs, services and special education personnel. Funding under Section 51 was \$617,152 for the fiscal year a decrease of \$60,996 from the previous year.

2. Property Taxes Levied For Special Education

The District levies .8310 mills of property taxes for operations (Special Education Fund) on Homestead and Non-Homestead Properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's property tax revenue for the 2007-2008 fiscal year was \$2,225,172. An increase of \$71,027 from the prior year.

Vocational Education Fund

Unreserved fund balance for the vocational education fund increased by \$290,906 during the year with the increase coming primarily from an increase in cash. Revenues for the year increased by \$255,397 from the prior year primarily due to an increases in property taxes and state aid. Expenditures increased by \$433,590 primarily due to a transfer of \$535,000 to the 2008 School Improvement fund for the expansion of the vocational facility. The major sources of vocational education revenues are taxes and state aid. An analysis of the major revenue sources is as follows:

1. State of Michigan Aid (Sections 61 and 62)

The State of Michigan aid provided under Sections 61 and 62 of the State Aid Act provides the majority of state aid to the District's Vocational Education Fund. Funding to the District under Sections 61 and 62 is provided to reimburse, on an added cost basis, the District for unreimbursed costs of its vocational-technical education center and vocational-technical programs and services. Funding under Sections 61 and 62 was \$285,439 for the fiscal year an increase of \$71,113 from the previous year.

2. Property Taxes Levied For Vocational Education

The District levies 1.9119 mills of property taxes for operations (Vocational Education Fund) on Homestead and Non-Homestead Properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's property tax revenue for the 2007-2008 fiscal year was \$5,177,937. An increase of \$192,887 from the prior year.



LAPEER INTERMEDIATE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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**FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS – GOVERNMENTAL FUNDS (Continued)**

Analysis of Financial Position (Continued)

2008 Capital Projects Fund

The District's 2008 Capital Projects Fund balance increased by \$3,627,020 due to an ongoing construction project.

**GENERAL FUND BUDGETARY HIGHLIGHTS:**

**GENERAL FUND BUDGET VS. ACTUAL**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Original &amp; Final Budget %</u>	<u>Variance Actual &amp; Final Budget %</u>
Revenue	\$2,993,130	\$3,118,101	\$3,066,110	4.18	1.67
Expenditures	<u>3,236,575</u>	<u>3,192,099</u>	<u>3,070,290</u>	1.37	3.82
<b><u>TOTAL</u></b>	<b><u>(\$243,445)</u></b>	<b><u>(\$73,998)</u></b>	<b><u>(\$4,180)</u></b>		

**SPECIAL EDUCATION FUND BUDGET VS. ACTUAL**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Original &amp; Final Budget %</u>	<u>Variance Actual &amp; Final Budget %</u>
Revenue	\$6,969,020	\$6,980,965	\$6,933,729	0.17	0.68
Expenditures	<u>6,657,294</u>	<u>7,759,887</u>	<u>7,408,402</u>	16.56	4.53
<b><u>TOTAL</u></b>	<b><u>\$311,726</u></b>	<b><u>(\$778,922)</u></b>	<b><u>(\$474,673)</u></b>		

**VOCATIONAL EDUCATION FUND BUDGET VS. ACTUAL**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Original &amp; Final Budget %</u>	<u>Variance Actual &amp; Final Budget %</u>
Revenue	\$5,846,296	\$5,902,495	\$5,860,885	0.96	0.70
Expenditures	<u>5,427,195</u>	<u>5,922,545</u>	<u>5,569,979</u>	9.13	5.95
<b><u>TOTAL</u></b>	<b><u>\$419,101</u></b>	<b><u>(\$20,050)</u></b>	<b><u>\$290,906</u></b>		

LAPEER INTERMEDIATE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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**ANALYSIS OF BUDGETS:**

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year.

As a matter of practice, Lapeer Intermediate School District amends its budget during the school year. The June, 2008 budget amendment was the final budget for the fiscal year. Significant budget variations were as follows:.

Original Budget vs. Final Budget

General Fund

Revenues

Grant and State categorical funds account for approximately 1.3 million in the general fund budget. The actual figures for the grants are not approved by the State of Michigan until after the initial budget is completed, therefore both grant revenues and expenditures were estimated in the initial budget. Incoming transfers were adjusted based on the prior year's actual overhead calculation. Taxes were adjusted to the approved rate. Local revenue increased due to the additional business services being contracted to one of our LEAs.

Expenditures

Retirement and insurances were adjusted to reflect the actual rate increases. A phone system was added to the capital outlay budget and a lease for an A/S400 was removed from the final budget. Business & Operations was increased due to the additional business services being contracted to one of our LEAs.

Special Education Fund

Revenues

Grant and State categorical funds account for over \$4 million in the special education fund budget. The actual figures are not approved by the State of Michigan until after the initial budget is completed, therefore both grant revenues and expenditures were estimated in the initial budget. Interest was adjusted to reflect actual rates.

Expenditures

Instruction costs increased for a one-on-one instructor that was required for the last quarter of the year. Benefits increased based on a settlement that was paid out by the district. The increase in transfers reflects the transfer to the 2008 School Improvement Fund and the additional overhead costs budgeted to the General Fund.

Vocational Education Fund

Revenues

Grant and State categorical funds account for approximately \$350,000 in the vocational education fund budget. The actual figures for the grants are not approved by the State of Michigan until after the initial budget, therefore both grant revenues and expenditures were estimated in the initial budget. Interest was adjusted to reflect actual rates.

Expenditures

Severance expense was added to Instruction for one counselor retirement. The capital outlay was adjusted for computers that were not going to be replaced and a phone system that is to be replaced. The increase in transfers reflects the transfer to the 2008 School Improvement Fund and the additional overhead costs budgeted to the General Fund.

LAPEER INTERMEDIATE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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**ANALYSIS OF BUDGETS: (Continued)**

Actual Results vs. Final Budget

General Fund

Revenues

Final revenues generated by the computer and technical department exceeded the budgeted amount. Some of the grant funding was deferred to the next fiscal year due to grants that cross over two fiscal years.

Expenditures

Grant fund expenditures were less than originally budgeted due to the fact that the grant crosses over two fiscal years. The phone system that was in the budget was bid, but will not be purchased until the next fiscal year.

A large computer order from one of our LEAs was received by our computer and technical department after the final budget was in place.

Special Education Fund

Revenues

There is no set timetable or method for determining the flow of Medicaid dollars from the State. The amount actually received exceeded the budgeted amount. Taxes collected exceeded the budgeted amount also. Some of the grant funding that was allocated was not expended or collected in the current year. These funds will be allocated as carryover in the 2008-2009 year.

Expenditures

Purchased services that were budgeted were not expended. A phone system that was in the budget was bid, but will not be purchased until the next fiscal year. Grant expenditures were budgeted and not expended.

Vocational Fund

Revenues

Program sales revenue is less than budgeted. An adjustment was made by the State to increase the added cost revenue.

Expenditures

Money budgeted for Program resale was not expended. A phone system that was in the budget was bid, but will not be purchased until the next fiscal year. Budgets were set for the instructional programs at the beginning of the year and reflect balances for acquisitions that were not made.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

A. Debt, Principal Payments

The District made principal payments on bonded, long term debt obligations that reduced the amount of the District's long term liabilities as follows:

	Principal Balance 7-01-07	Increase 6-30-08	Decrease 6-30-08	Principal Balance 6-30-08
Bonds Payable	\$1,046,176	\$3,645,000	\$225,000	\$4,466,176
Sick & Severance Pay	520,108	0	7,304	512,804
<u>Total Long-Term Obligations</u>	<u>\$1,566,284</u>	<u>\$3,645,000</u>	<u>\$232,304</u>	<u>\$4,978,980</u>

LAPEER INTERMEDIATE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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**CAPITAL ASSET AND DEBT ADMINISTRATION:** (Continued)

A. Debt, Principal Payments (Continued)

The School District issued Building and Site Bonds dated March 11, 2008 for the purpose of erecting, furnishing and equipping additions to and partially remodeling, furnishing and equipping and re-equipping school facilities for special education and vocational education purposes; acquiring and installing technology; and developing and improving the site. These general obligation tax bonds require fourteen annual principal payments beginning May 1, 2009, and semi-annual interest payments at rates ranging from 3.0% to 4.0%. The balance at June 30, 2008 was \$3,645,000.

B. Capital Assets

The district's net investment in capital assets decreased by \$174,446 during the fiscal year. This can be summarized as follows:

	Balance 7-1-07	Additions	Deductions	Balance 6-30-08
Capital Assets	\$10,971,955	\$200,790	\$18,671	\$11,154,074
Less: Accumulated Depreciation	(4,101,389)	(375,236)	(18,671)	(4,457,954)
<u>Net Investment Capital Outlay</u>	<u>\$6,870,566</u>	<u>(\$174,446)</u>	<u>\$0</u>	<u>\$6,696,120</u>

Significant capital asset addition was roof repairs.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

\* Foundation Allowance

The Board of Education and Administration agreed to an estimate of 1.2% increase in Section 81 for the 08-09 fiscal year based on information received from various educational organizations such as Michigan Association of School Business Officials, Michigan Association of School Administrators, and the Michigan Association of School Boards as well as discussions local state representatives. The political debate regarding the funding of public education, the current economic climate in the State of Michigan and the gubernatorial election will all affect this estimate before the actual percentage increase is known.

\* Retirement Rates

The continuing cost of health insurance to current and potential retirees continues to drive the rate increases the Michigan School Personnel Retirement System recommends to the legislature for approval. The rate is anticipated to decrease from 16.72% to 16.54% in 08-09.

\* The Lapeer County Intermediate School District 2008/2009 adopted budget is as follows:

	General	Special	Vocational	Total
<u>REVENUE</u>	\$3,023,531	\$6,852,298	\$5,764,168	\$15,639,997
<u>EXPENDITURES</u>	<u>3,206,900</u>	<u>7,090,977</u>	<u>5,526,239</u>	<u>15,824,116</u>
<u>NET OVER (UNDER) BUDGET</u>	<u>(\$183,369)</u>	<u>(\$238,679)</u>	<u>\$237,929</u>	<u>(\$184,119)</u>

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Business Office, Lapeer Intermediate School District.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2008

	<u>Governmental Activities</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	\$417,306
Investments	12,253,013
Accounts Receivable	8,920
Interest Receivable	20,706
Due from Other Governmental Units	900,919
Inventory	9,604
Prepaid Expenses	5,032
	<hr/>
Total Current Assets	\$13,615,500
<u>NON-CURRENT ASSETS</u>	
Construction in Progress	339,967
Capital Assets	11,154,074
Less: Accumulated Depreciation	(4,457,954)
Total Noncurrent Assets	<hr/> \$7,036,087 <hr/>
<u>TOTAL ASSETS</u>	<hr/> <u>\$20,651,587</u> <hr/>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$51,104
Due to Other Governmental Units	1,797
Salaries Payable	480,470
Accrued Expenses	149,614
Deferred Revenue	113,360
Current Portion of Long-Term Obligations	404,985
Total Current Liabilities	<hr/> \$1,201,330 <hr/>
<u>NON-CURRENT LIABILITIES</u>	
Noncurrent Portion of Long-Term Obligations	<hr/> 4,573,995 <hr/>
<u>TOTAL LIABILITIES</u>	\$5,775,325
<u>NET ASSETS</u>	
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	7,468,316
Restricted for:	
Debt Service	247,904
Unrestricted	7,160,042
	<hr/>
<u>TOTAL NET ASSETS</u>	<hr/> \$14,876,262 <hr/>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<hr/> <u>\$20,651,587</u> <hr/>

See accompanying notes to the basic financial statements.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue &amp; Change in Net Assets</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
Instruction	\$4,608,824	\$0	\$3,916,189	(\$692,635)
Support Services	8,939,811	735,951	1,238,689	(6,965,171)
Community Services	261,600	108,078	119,457	(34,065)
Interest - Long-Term Obligations	58,284	0	0	(58,284)
Depreciation - Unallocated	237,382	0	0	(237,382)
<u>TOTALS</u>	<u>\$14,105,901</u>	<u>\$844,029</u>	<u>\$5,274,335</u>	<u>(\$7,987,537)</u>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				8,121,346
State Aid				929,672
Grants and Contributions Not Restricted to				
Specific Programs				17,599
Investment Earnings				274,351
Miscellaneous				224,164
Total General Revenues and Transfers				<u>\$9,567,132</u>
Change in Net Assets				\$1,579,595
Net Assets - Beginning				<u>13,296,667</u>
<u>Net Assets - Ending</u>				<u>\$14,876,262</u>

See accompanying notes to the basic financial statements.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2008

	General Fund	Special Education Fund	Vocational Education Fund	2008 Capital Projects
<u>ASSETS</u>				
Cash and Cash Equivalents	\$191,654	\$89,476	\$34,474	\$0
Investments	405,362	2,721,571	3,936,725	3,620,862
Accounts Receivable	2,823	2,326	3,771	0
Interest Receivable	754	4,683	6,378	6,158
Due from Other Governmental Units	263,349	556,665	75,634	0
Due from Other Funds	588,600	0	0	0
Inventory	0	0	9,604	0
Prepaid Expenses	0	0	5,032	0
<u>TOTAL ASSETS</u>	<u>\$1,452,542</u>	<u>\$3,374,721</u>	<u>\$4,071,618</u>	<u>\$3,627,020</u>
<u>LIABILITIES</u>				
Accounts Payable	\$4,954	\$18,936	\$9,740	\$0
Due to Other Funds	596	212,700	375,900	0
Due to Other Governmental Units	114	510	1,173	0
Salaries Payable	8,727	237,240	234,503	0
Accrued Expenses	3,043	57,684	57,503	0
Deferred Revenue	76,491	35,834	1,035	0
Total Liabilities	\$93,925	\$562,904	\$679,854	\$0
<u>FUND BALANCES</u>				
Reserved For:				
Inventory	0	0	9,604	0
Debt Retirement	0	0	0	0
Capital Projects	0	0	0	3,627,020
Unreserved:				
Undesignated, Reported In:				
General Fund	1,358,617	0	0	0
Special Education Fund	0	2,811,817	0	0
Vocational Education Fund	0	0	3,382,160	0
Cooperative Education Fund	0	0	0	0
Total Fund Balances	<u>\$1,358,617</u>	<u>\$2,811,817</u>	<u>\$3,391,764</u>	<u>\$3,627,020</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$1,452,542</u>	<u>\$3,374,721</u>	<u>\$4,071,618</u>	<u>\$3,627,020</u>

See accompanying notes to the basic financial statements.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
AS OF JUNE 30, 2008

Other Governmental Funds	Total Governmental Funds	Total Governmental Fund Balances:	\$12,850,539
		Amounts reported for governmental activities in the statement of net assets are different because:	
\$101,702	\$417,306		
1,568,493	12,253,013	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$11,157,074 and the accumulated depreciation is \$4,457,954	6,696,120
0	8,920		
2,733	20,706		
5,271	900,919		
596	589,196		
0	9,604	Construction in Progress	339,967
0	5,032		
<u>\$1,678,795</u>	<u>\$14,204,696</u>	Accrued Interest on Long-Term Debt	(31,384)
		Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
\$17,474	\$51,104		
0	589,196		
0	1,797	Bonds Payable	\$4,466,176
0	480,470	Compensated Absences Payable	<u>512,804</u>
0	118,230	Total Long-Term Liabilities	<u>(4,978,980)</u>
0	113,360		
<u>\$17,474</u>	<u>\$1,354,157</u>	<u>TOTAL NET ASSETS -</u> <u>GOVERNMENTAL ACTIVITIES</u>	<u>\$14,876,262</u>
0	9,604		
247,904	247,904		
1,271,385	4,898,405		
0	1,358,617		
0	2,811,817		
0	3,382,160		
142,032	142,032		
<u>\$1,661,321</u>	<u>\$12,850,539</u>		
<u>\$1,678,795</u>	<u>\$14,204,696</u>		



LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Special Education Fund	Vocational Education Fund	2008 Capital Projects
<u>REVENUES</u>				
Local Sources	\$1,154,438	\$2,802,812	\$5,378,375	\$25,181
State Sources	1,141,899	649,253	285,439	0
Federal Sources	181,773	3,280,165	189,166	0
Total Revenues	<u>\$2,478,110</u>	<u>\$6,732,230</u>	<u>\$5,852,980</u>	<u>\$25,181</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	109,022	1,757,151	2,694,389	0
Student Services	28,337	1,686,784	564,002	0
Instructional Support	248,297	72,400	181,242	0
General Administration	335,845	607,259	4,125	0
School Administration	80,641	192,547	416,230	0
Business Administration	555,336	99	455	0
Operation & Maintenance of Plant	186,375	141,180	614,629	0
Transportation	0	11,378	0	0
Support Services - Other	1,325,924	46,269	15,890	0
Community Services	128,179	121,537	11,884	0
Debt Service	0	0	0	0
Cooperative Education	0	0	0	0
Capital Outlay	0	0	0	43,161
Total Expenditures	<u>\$2,997,956</u>	<u>\$4,636,604</u>	<u>\$4,502,846</u>	<u>\$43,161</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(\$519,846)	\$2,095,626	\$1,350,134	(\$17,980)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from (to) Other Funds	588,000	(1,232,700)	(910,300)	(33,553)
Bond Proceeds and Premium	0	0	0	3,678,553
Other Transfers	(72,334)	(1,337,599)	(148,928)	0
Total Other Financing Sources (Uses)	<u>\$515,666</u>	<u>(\$2,570,299)</u>	<u>(\$1,059,228)</u>	<u>\$3,645,000</u>
Net Change in Fund Balance	(\$4,180)	(\$474,673)	\$290,906	\$3,627,020
<u>FUND BALANCE - BEGINNING</u>	<u>1,362,797</u>	<u>3,286,490</u>	<u>3,100,858</u>	<u>0</u>
<u>FUND BALANCE - ENDING</u>	<u>\$1,358,617</u>	<u>\$2,811,817</u>	<u>\$3,391,764</u>	<u>\$3,627,020</u>

See accompanying notes to the basic financial statements.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

Other Governmental Funds	Total Governmental Funds	Total net change in fund balances - governmental funds	\$4,852,829
		Amounts reported for governmental activities in the statement of activities are different because:	
\$387,591	\$9,748,397		
0	2,076,591		
0	3,651,104		
\$387,591	\$15,476,092		
		Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	(174,446)
0	4,560,562	Construction in Progress	339,967
0	2,279,123		
0	501,939	Bond Proceeds	(3,645,000)
0	947,229		
0	689,418		
0	555,890	Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments reported as expenditures in the governmental funds.	225,000
0	942,184		
0	11,378		
0	1,388,083		
0	261,600	Change in accrued interest on long-term liabilities	(26,059)
257,225	257,225		
8,357	8,357	Decrease in accrued compensated absences	7,304
296,806	339,967		
\$562,388	\$12,742,955	<u>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</u>	<u>\$1,579,595</u>
(\$174,797)	\$2,733,137		
1,588,553	0		
0	3,678,553		
0	(1,558,861)		
\$1,588,553	\$2,119,692		
\$1,413,756	\$4,852,829		
247,565	7,997,710		
\$1,661,321	\$12,850,539		

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
AS OF JUNE 30, 2008

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	Trust & Agency
<u>ASSETS</u>	
Cash and Cash Equivalents	<u>\$36,195</u>
<u>TOTAL ASSETS</u>	<u>\$36,195</u>
<u>LIABILITIES</u>	
Due to Student Groups	<u>\$36,195</u>
<u>TOTAL LIABILITIES</u>	<u>\$36,195</u>

See accompanying notes to the basic financial statements.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Local Sources	\$1,051,970	\$1,141,600	\$1,154,438	\$12,838
State Sources	1,206,810	1,198,514	1,141,899	(56,615)
Federal Sources	204,350	189,987	181,773	(8,214)
Total Revenues	<u>\$2,463,130</u>	<u>\$2,530,101</u>	<u>\$2,478,110</u>	<u>(\$51,991)</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	137,000	121,472	109,022	12,450
Student Services	45,800	51,171	28,337	22,834
Instructional Support	303,795	290,312	248,297	42,015
General Administration	350,310	351,102	335,845	15,257
School Administration	86,620	82,693	80,641	2,052
Business Admin & Oper & Maintenance	729,000	756,359	741,711	14,648
Support Services - Other	1,328,580	1,314,240	1,325,924	(11,684)
Community Services	158,470	149,689	128,179	21,510
Total Expenditures	<u>\$3,139,575</u>	<u>\$3,117,038</u>	<u>\$2,997,956</u>	<u>\$119,082</u>
Excess of Revenues Over Expenditures	<u>(\$676,445)</u>	<u>(\$586,937)</u>	<u>(\$519,846)</u>	<u>\$67,091</u>
<u>OTHER FINANCING SOURCES (USES)</u>	<u>433,000</u>	<u>512,939</u>	<u>515,666</u>	<u>2,727</u>
Net Change in Fund Balance	<u>(\$243,445)</u>	<u>(\$73,998)</u>	<u>(\$4,180)</u>	<u>\$69,818</u>
<u>FUND BALANCE - BEGINNING</u>			<u>1,362,797</u>	
<u>FUND BALANCE - ENDING</u>			<u>\$1,358,617</u>	

See accompanying notes to the basic financial statements.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
SPECIAL EDUCATION FUND  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Local Sources	\$2,741,700	\$2,762,167	\$2,802,812	\$40,645
State Sources	696,900	649,253	649,253	0
Federal Sources	3,319,420	3,354,545	3,280,165	(74,380)
Total Revenues	<u>\$6,758,020</u>	<u>\$6,765,965</u>	<u>\$6,732,230</u>	<u>(\$33,735)</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	1,816,682	1,836,442	1,757,151	79,291
Student Services	1,738,922	1,777,891	1,686,784	91,107
Instructional Support	85,100	112,197	72,400	39,797
General Administration	676,860	648,630	607,259	41,371
School Administration	194,300	193,650	192,547	1,103
Business Admin & Oper & Maintenance	190,350	187,250	141,279	45,971
Transportation	13,000	14,850	11,378	3,472
Support Services - Other	49,470	49,469	46,269	3,200
Community Services	122,340	121,541	121,537	4
Total Expenditures	<u>\$4,887,024</u>	<u>\$4,941,920</u>	<u>\$4,636,604</u>	<u>\$305,316</u>
Excess of Revenues Over Expenditures	<u>\$1,870,996</u>	<u>\$1,824,045</u>	<u>\$2,095,626</u>	<u>\$271,581</u>
<u>OTHER FINANCING SOURCES (USES)</u>	<u>(1,559,270)</u>	<u>(2,602,967)</u>	<u>(2,570,299)</u>	<u>32,668</u>
Net Change in Fund Balance	<u>\$311,726</u>	<u>(\$778,922)</u>	<u>(\$474,673)</u>	<u>\$304,249</u>
<u>FUND BALANCE - BEGINNING</u>			<u>3,286,490</u>	
<u>FUND BALANCE - ENDING</u>			<u>\$2,811,817</u>	

See accompanying notes to the basic financial statements.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
VOCATIONAL EDUCATION FUND  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<u>REVENUES</u>				
Local Sources	\$5,423,500	\$5,449,000	\$5,378,375	(\$70,625)
State Sources	222,326	254,855	285,439	30,584
Federal Sources	200,470	190,640	189,166	(1,474)
Total Revenues	<u>\$5,846,296</u>	<u>\$5,894,495</u>	<u>\$5,852,980</u>	<u>(\$41,515)</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	3,093,055	2,836,935	2,694,389	142,546
Student Services	527,420	579,770	564,002	15,768
Instructional Support	45,390	191,113	181,242	9,871
General Administration	5,500	4,200	4,125	75
School Administration	449,050	425,100	416,230	8,870
Business Administration	600	600	455	145
Operation & Maintenance of Plant	693,580	750,980	614,629	136,351
Support Services - Other	18,800	18,800	15,890	2,910
Community Services	20,000	11,885	11,884	1
Total Expenditures	<u>\$4,853,395</u>	<u>\$4,819,383</u>	<u>\$4,502,846</u>	<u>\$316,537</u>
Excess of Revenues Over Expenditures	<u>\$992,901</u>	<u>\$1,075,112</u>	<u>\$1,350,134</u>	<u>\$275,022</u>
<u>OTHER FINANCING SOURCES (USES)</u>	<u>(573,800)</u>	<u>(1,095,162)</u>	<u>(1,059,228)</u>	<u>35,934</u>
Net Change in Fund Balance	<u>\$419,101</u>	<u>(\$20,050)</u>	<u>\$290,906</u>	<u>\$310,956</u>
<u>FUND BALANCE - BEGINNING</u>			<u>3,100,858</u>	
<u>FUND BALANCE - ENDING</u>			<u>\$3,391,764</u>	

See accompanying notes to the basic financial statements.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

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1) REPORTING ENTITY

The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service, and special financing arrangements. Based on application of the criteria, the entity does not contain component units.

The District receives funding from local, state, federal and interdistrict government sources and must comply with the accompanying requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" body that has separate legal standing and is fiscally independent of the governmental entities. As such, the Board of Education has decision-making authority, the authority to levy taxes, and determine its budget, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Lapeer County Intermediate School District conform to generally accepted accounting principles as applicable to school districts. The following is a summary of the significant accounting policies:

In June 1999 the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

A Management Discussion and Analysis (MD&A) section to provide an analysis of the District’s overall financial position and results of operations.

Financial statements prepared with full accrual accounting for all of the District’s activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements and notes to the financial statements.

A) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major funds). The government-wide financial statements categorize primary activities as either governmental or business type. All of the District’s activities are classified as governmental activities. Fiduciary funds are not included in the government-wide financial statements.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District’s net assets are reported in three parts: invested in capital assets net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District’s functions. General government revenues also support the functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs by function are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.).

The District does not allocate indirect costs. Inter-fund transactions have been eliminated in the government-wide financial statements.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the general-purpose financial statements in this report, into five generic fund types in two broad fund categories as follows:

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds.

General Fund

The General Fund is used to record the general operations of the District pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

Special Revenue Fund

The Special Revenue Fund is used to account for activities where there is a need to determine the results of operations. The Special Revenue Funds presented in this report include the Special Education Fund, Vocational Education Fund and the Cooperative Education Fund.

Debt Retirement Fund

The Debt Retirement Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund

The Capital Projects Fund is used to account for the acquisition and construction of major facilities by the School District.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The District's fiduciary funds consist of agency funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are used to account for amount held for student and employee groups.

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Accrual

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.



LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS (Continued)

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within 60 days of year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

Those revenues susceptible to accrual are property taxes, state aid, interest revenue, grants and charges for services. Other revenue is recorded when received.

The District reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits and certificates of deposit.

The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and No. 40 *Deposits and Investment Risk Disclosures*. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the district intends to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by no less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

E) PREPAID ASSETS

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

F) INVENTORY

On government-wide financial statements are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. Inventory in governmental funds consists of expendable supplies held for consumption.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G) CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) using a \$5,000 capitalization threshold and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and Improvements	20 – 50 years
Furniture and Equipment	5 – 10 years

H) INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities columns of the statement of net assets.

I) COMPENSATED ABSENCES

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences.” Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District’s past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J) ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J) ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS (Continued)

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

K) FUND BALANCE RESERVES

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for inventories.

L) NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

M) ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

N) BUDGETARY DATA

The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

The School District follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

- 1) Prior to June 30, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.
- 2) A public hearing is conducted during June to obtain taxpayer comments.
- 3) Prior to June 30, the budget is legally enacted through passage of a resolution.
- 4) For purposes of meeting emergency needs of the School District, transfer of appropriations may be made by the authorization of the Superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N) BUDGETARY DATA (Continued)

- 5) The School Superintendent is charged with general supervision of the budget and shall hold the department heads responsible for performance of their responsibilities.
- 6) During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

3) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – BUDGET VIOLATIONS

1968 PA 2 provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the School District's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the School District for these budgetary funds were adopted to the functional level.

During the year ended June 30, 2008, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated.

4) DEPOSITS AND INVESTMENTS

As of June 30, 2008, the District had the following investments.

<u>Investment Type</u>	<u>Fair value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Standard &amp; Poor's Rating</u>	<u>%</u>
Comerica Bank External Investment Pool	<u>\$12,253,013</u>	<u>0.0027</u>	AAAm	<u>100.00%</u>

1 day maturity equals 0.0027, one year equals 1.00.

**Interest rate risk.** In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

**Credit risk.** State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2008, the District's investment in the investment pool was rated AAA by Standards & Poor's and AAA by Moody's Investors Service.

**Concentration of credit risk.** The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than 5% of the District's investments are in pooled investment accounts which represents 100% of the District's total investments.

**Custodial credit risk – deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2008, \$891,139 of the District's bank balance of \$1,091,139 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

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4) DEPOSITS AND INVESTMENTS (Continued)

**Custodial credit risk – investments.** For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

**Foreign currency risk.** The District is not authorized to invest in investments which have this type of risk.

The above amounts as previously report in Note 4:

Deposits – Including Fiduciary Funds of \$36,195	\$ 453,501
Investments	<u>12,253,013</u>
<u>TOTAL</u>	<u>\$ 12,706,514</u>

The above amounts are reported in the financial statements as follows:

Cash Agency Fund	\$ 36,195
Cash – District Wide	417,306
Investments – District Wide	<u>12,253,013</u>
<u>TOTAL</u>	<u>\$ 12,706,514</u>

5) PROPERTY TAXES

The School District levies its property taxes on December 1 and various municipalities collect its property taxes and remit them to the District through February. The delinquent real property taxes of the District are purchased by the County, and delinquent personal property taxes continue to be collected by the municipalities and recorded as revenue as they are collected. The county sells tax notes, the proceeds of which have been used to pay the District for these delinquent real property taxes. These delinquent real property taxes have been recorded as revenue in the current year.

6) RECEIVABLES

Receivables at June 30, 2008, consist of taxes, accounts (fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables (due from other governmental units) follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>AMOUNT</u>
State Aid	\$ 354,521
Federal Grants	476,056
Other Grant Programs & Fees	<u>70,342</u>
<u>TOTAL GOVERNMENTAL ACTIVITIES</u>	<u>\$ 900,919</u>

7) UNEMPLOYMENT COMPENSATION

The District is subject to the Michigan Employment Security Act and has elected the reimbursement method of financing. Under this method, the District must reimburse the Employment Commission for all benefits charged against the District for the year. As of June 30, 2008, the School District had \$12,914 of estimated claims payable in conjunction with the program.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

8) SHORT-TERM DEBT

The District has various options for short-term financing including tax anticipation notes, state aid anticipation notes and lines of credit. The District entered into no short-term financing arrangements during the fiscal year ended June 30, 2008.

9) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	BALANCE JULY 1, 2007	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2008
<b>GOVERNMENTAL ACTIVITIES</b>				
Buildings and Improvements	\$9,563,103	\$108,019	\$0	\$9,671,122
Land Improvements	59,706	30,966	0	90,672
Equipment and Furniture	1,336,670	61,805	18,671	1,379,804
Vehicles	12,476	0	0	12,476
Totals at Historical Cost	\$10,971,955	\$200,790	\$18,671	\$11,154,074
Less: Accumulated Depreciation				
Buildings and Improvements	(3,191,601)	(276,528)	0	(3,468,129)
Land Improvements	(16,552)	(3,569)	0	(20,121)
Equipment and Furniture	(890,846)	(92,644)	(18,671)	(964,819)
Vehicles	(2,390)	(2,495)	0	(4,885)
Total Accumulated Depreciation	(\$4,101,389)	(\$375,236)	(\$18,671)	(\$4,457,954)
<b>GOVERNMENTAL ACTIVITIES</b>				
<b><u>CAPITAL ASSETS - NET</u></b>	<b><u>\$6,870,566</u></b>	<b><u>(\$174,446)</u></b>	<b><u>\$0</u></b>	<b><u>\$6,696,120</u></b>

Depreciation expense, when appropriate, was allocated to governmental functions. Depreciation expense that was not allocated appears on the statement of activities as "unallocated". Depreciation was recorded on the statement of activities as follows:

Instruction	\$ 48,262
Support Services	89,592
Unallocated	237,382
<b><u>TOTAL DEPRECIATION EXPENSE</u></b>	<b><u>\$ 375,236</u></b>

10) SELF INSURANCE POOL

The School District participates in a public entity risk pool (self-insurance pool) for its workers' compensation. The pool is through the MASB/SET/SEG and is administered by Corporate Services. The pool provides for reinsurance by various insurance companies at various levels, depending on the coverage. Should the pool experience significant losses in the aggregate, the School District may be required to pay additional monies to the pool. At present, the MASB/SET/SEG has not required additional funds, but rather has issued refunds based on experience gains over experience losses over the last few years. Premiums for the year ended June 30, 2008 were \$43,154 and the School District received a dividend refund of \$17,396.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

11) GENERAL LONG-TERM DEBT

A) Durant Resolution Package Bonds

Lapeer County Intermediate School District issued Durant Resolution Bonds on November 24, 1998 in the amount of \$628,619 at the interest rate of 4.7613%. The bonds are a legal obligation of the school district but the annual State of Michigan appropriation is the only revenue source for making the annual debt service payments on the bonds. If the legislature fails to appropriate the bonds, the district is under no obligation for payment. The balance at June 30, 2008 was \$371,176.

B) 2000 School Building and Site Bonds

The School District issued Building and Site Bonds dated September 20, 2000 for improvements to be made at the Vocational Technical Center. These general obligation tax bonds require nine annual principal payments beginning May 1, 2002, and semi-annual interest payments at rates ranging from 4.5% to 5.125%. The balance at June 30, 2008 was \$450,000.

C) 2008 School Building and Site Bonds

The School District issued Building and Site Bonds dated March 11, 2008 for the purpose of erecting, furnishing and equipping additions to and partially remodeling, furnishing and equipping and re-equipping school facilities for special education and vocational education purposes; acquiring and installing technology; and developing and improving the site. These general obligation tax bonds require fourteen annual principal payments beginning May 1, 2009, and semi-annual interest payments at rates ranging from 3.0% to 4.0%. The balance at June 30, 2008 was \$3,645,000.

D) Annual Principal Requirements

The annual principal requirements for all debts outstanding as of June 30, 2008 are as follows:

	BONDS		
	PAYABLE	INTEREST	TOTAL
June 30, 2009	\$404,985	\$179,318	\$584,303
June 30, 2010	436,649	144,582	581,231
June 30, 2011	248,394	126,787	375,181
June 30, 2012	439,013	192,316	631,329
June 30, 2013	277,135	110,144	387,279
June 30, 2014-2018	1,345,000	414,474	1,759,474
June 30, 2019-2022	1,315,000	133,600	1,448,600
TOTAL	<u>\$4,466,176</u>	<u>\$1,301,221</u>	<u>\$5,767,397</u>

The payment dates of sick days payable is undeterminable. The interest expenditures on long-term obligations for the year were \$31,950.

E) Changes in General Long-Term Debt

	BALANCE			BALANCE	AMOUNT DUE
	JULY 1, 2007	ADDITIONS	DEDUCTIONS	JUNE 30, 2008	IN ONE YEAR
Governmental Activities:					
Bonds Payable	\$1,046,176	\$3,645,000	\$225,000	\$4,466,176	\$404,985
Sick & Severance Pay	520,108	0	7,304	512,804	0
<u>Total Governmental Activities</u>	<u>\$1,566,284</u>	<u>\$3,645,000</u>	<u>\$232,304</u>	<u>\$4,978,980</u>	<u>\$404,985</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

12) OPERATING LEASES

The District entered into a operating lease with Kyocera Document Solutions for copiers on October 18, 2007. The lease payment is \$1,045 per month for a period of sixty months. Expense for the fiscal year ended June 30, 2008 was \$6,720.

Future minimum payments for the operating leases is as follows:

June 30, 2009	\$ 12,540
June 30, 2010	12,540
June 30, 2011	12,540
June 30, 2012	12,542
June 30, 2013	<u>6,720</u>
 <u>TOTAL</u>	 <u>\$ 56,882</u>

13) INTERFUND BALANCES

Interfund balances at June 30, 2008 consisted of the following:

<b>DUE TO</b>			
<b>DUE FROM</b>	General	Cooperative Education	Total
	Fund	Fund	
General Fund	\$0	\$596	\$596
Special Education Fund	212,700	0	212,700
Vocational Education Fund	<u>375,900</u>	<u>0</u>	<u>375,900</u>
 <u>TOTAL</u>	 <u>\$588,600</u>	 <u>\$596</u>	 <u>\$589,196</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

14) INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2008, consisted of the following:

<b>TRANSFERS TO</b>				
<b>TRANSFERS FROM</b>	General	School Improvement	2008 Debt Retirement	Total
	Fund	Fund	Fund	
Special Education Fund	\$212,700	\$1,020,000	\$0	\$1,232,700
Vocational Education	375,300	535,000	0	910,300
2008 Capital Projects	<u>0</u>	<u>0</u>	<u>33,553</u>	<u>33,553</u>
 <u>TOTAL</u>	 <u>\$588,000</u>	 <u>\$1,555,000</u>	 <u>\$33,553</u>	 <u>\$2,176,553</u>

The transfers are reimbursements to the general fund from special education and vocational education funds for overhead costs that are calculated annually and approved by the board. The transfers from the school improvement fund were for payments on the ongoing building improvements. The transfers from the 2008 debt retirement were to transfer funds to start paying interest on the debt.



LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

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15) DEFINED BENEFIT PENSION PLAN

Plan Description

The School District participates in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. The MPERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPERS. That report may be obtained by writing to the MPERS at 7150 Harris Drive, PO Box 30673, Lansing, MI 48909-8103.

Funding Policy

Employer contributions to the MPERS result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate totals 17.74 percent for the period July 1, 2007 through September 30, 2007 and 16.72 percent for the period October 1, 2007 through June 30, 2008 of the covered payroll to the plan. Basic plan members make no contributions, but contribute to a member investment plan (MIP) at rates ranging from 3 percent to 4.3 percent of gross wages. The School District's contributions to the MPERS pension plan for the years ended June 30, 2008, 2007 and 2006 were \$1,102,126, \$1,110,635 and \$1,037,537, respectively.

Postemployment Benefits

Under the MPERS Act, all retirees participating in the MPERS pension plan have the option of continuing health, dental and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverages. Required contributions for postemployment health care benefits are included as part of the School District's total contribution to the MPERS pension plan discussed above.

16) RISK MANAGEMENT

The District is exposed to various risks of loss in conducting its operations, from property and casualty theft, damage to various tort and liability claims and workman's compensation claims. The District limits its exposure to such claims through its participation in and payments of premiums to SET-SEG, Inc. Insurance Trust. This pool maintains a loss fund and is also required by the terms of the participation agreement to obtain insurance and reinsurance as necessary.

17) CONTINGENCIES AND COMMITMENTS

The District participates in a number of federally assisted grant programs, principal of which is the Special Education Cluster. This program is subject to program compliance audits. The audit of this program for and including the year ended June 30, 2008, has been conducted and has been reported in this audit report. However, the compliance audit reports have not yet been accepted by the grantors. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time; although the District expects such amounts, if any, to be immaterial.

OTHER SUPPLEMENTAL  
INFORMATION

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2008

	Debt Service Funds	Cooperative Education Fund	2008 School Improvement Fund	Total Other Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$0	\$101,702	\$0	\$101,702
Investments	247,513	42,564	1,278,416	1,568,493
Interest Receivable	391	56	2,286	2,733
Due From Other Governmental Units	0	5,271	0	5,271
Due From Other Funds	0	596	0	596
<u>TOTAL ASSETS</u>	<u>\$247,904</u>	<u>\$150,189</u>	<u>\$1,280,702</u>	<u>\$1,678,795</u>
<u>LIABILITIES</u>				
Accounts Payable	\$0	\$8,157	\$9,317	\$17,474
<u>FUND BALANCES</u>				
Reserved For:				
Debt Retirement	247,904	0	0	247,904
Capital Projects	0	0	1,271,385	1,271,385
Unreserved	0	142,032	0	142,032
Total Fund Balances	<u>\$247,904</u>	<u>\$142,032</u>	<u>\$1,271,385</u>	<u>\$1,661,321</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$247,904</u>	<u>\$150,189</u>	<u>\$1,280,702</u>	<u>\$1,678,795</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	Debt Service Funds	Cooperative Education Fund	2008 School Improvement Fund	Total Other Governmental Funds
<u>REVENUES</u>				
<u>Local Sources</u>				
Property Tax Levy	\$297,465	\$0	\$0	\$297,465
Earnings on Investments and Deposits	7,423	2,808	13,191	23,422
Other Local Revenues	0	66,704	0	66,704
Total Local Sources	<u>\$304,888</u>	<u>\$69,512</u>	<u>\$13,191</u>	<u>\$387,591</u>
<u>OTHER FINANCING SOURCES (USES)</u>	<u>33,553</u>	<u>0</u>	<u>1,555,000</u>	<u>1,588,553</u>
Total Revenues and Other Financing Sources (Uses)	<u>\$338,441</u>	<u>\$69,512</u>	<u>\$1,568,191</u>	<u>\$1,976,144</u>
<u>EXPENDITURES</u>				
Debt Service	257,225	0	0	257,225
Cooperative Education				
Purchased Services				
Supplies and Materials	0	8,357	0	8,357
Capital Outlay	0	0	0	0
Other	0	0	0	0
Capital Projects				
Capital Outlay	0	0	296,806	296,806
Total Expenditures	<u>\$257,225</u>	<u>\$8,357</u>	<u>\$296,806</u>	<u>\$562,388</u>
Net Change in Fund Balance	<u>\$81,216</u>	<u>\$61,155</u>	<u>\$1,271,385</u>	<u>\$1,413,756</u>
<u>NET ASSETS - BEGINNING</u>	<u>166,688</u>	<u>80,877</u>	<u>0</u>	<u>247,565</u>
<u>NET ASSETS - ENDING</u>	<u>\$247,904</u>	<u>\$142,032</u>	<u>\$1,271,385</u>	<u>\$1,661,321</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
DEBT RETIREMENT FUNDS  
AS OF JUNE 30, 2008

	2000 Debt Service Fund	2008 Debt Service Fund	Total
<u>ASSETS</u>			
Investments	\$163,691	\$83,822	\$247,513
Interest Receivable	248	143	391
<u>TOTAL ASSETS</u>	<u>\$163,939</u>	<u>\$83,965</u>	<u>\$247,904</u>
<u>FUND BALANCES</u>			
Reserved For:			
Debt Retirement	<u>\$163,939</u>	<u>\$83,965</u>	<u>\$247,904</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
DEBT RETIREMENT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	2000 Debt Service Fund	2008 Debt Service Fund	Total
<u>REVENUES</u>			
<u>Local Sources</u>			
Property Tax Levy	\$247,510	\$49,955	\$297,465
Earnings on Investments and Deposits	6,966	457	7,423
Total Local Sources	<u>\$254,476</u>	<u>\$50,412</u>	<u>\$304,888</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers from Other Funds	0	33,553	33,553
Total Revenues and Other Financing Sources	<u>\$254,476</u>	<u>\$83,965</u>	<u>\$338,441</u>
<u>EXPENDITURES</u>			
Debt Service			
Principal	225,000	0	225,000
Interest	31,950	0	31,950
Other	275	0	275
Total Expenditures	<u>\$257,225</u>	<u>\$0</u>	<u>\$257,225</u>
Net Change in Fund Balance	(\$2,749)	\$83,965	\$81,216
<u>NET ASSETS - BEGINNING</u>	<u>166,688</u>	<u>0</u>	<u>166,688</u>
<u>NET ASSETS - ENDING</u>	<u>\$163,939</u>	<u>\$83,965</u>	<u>\$247,904</u>

INDIVIDUAL FUND SCHEDULES OF  
REVENUES, EXPENDITURES AND  
OTHER FINANCING USES

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2008

	BUDGET	ACTUAL	VARIANCE
<u>REVENUES FROM</u>			
<u>Local Sources</u>			
Property Tax Levy	\$415,000	\$420,772	\$5,772
Interest on Investments	28,000	27,883	(117)
Community Revenue	126,650	108,078	(18,572)
Rentals	38,000	40,062	2,062
Inservice Revenue	3,500	0	(3,500)
Courier Revenue	11,000	10,805	(195)
Computer Service	170,000	187,411	17,411
Tech Special Services	102,000	106,017	4,017
Support Business Service	124,550	123,506	(1,044)
Other Business Revenue	98,500	98,812	312
Assessment Center Revenue	5,000	4,626	(374)
LEA General Education	11,000	17,599	6,599
Other Local Revenues	8,400	8,867	467
Total Revenues from Local Sources	\$1,141,600	\$1,154,438	\$12,838
<u>State Sources</u>			
State Aid - Sec. 81	866,811	866,810	(1)
Other State Aid	113,622	108,672	(4,950)
Great Parents Sec 32j	77,897	39,887	(38,010)
Math/Science - Sec. 99	77,322	63,668	(13,654)
Durant	62,862	62,862	0
Total Revenues from State Sources	\$1,198,514	\$1,141,899	(\$56,615)
<u>Federal Sources</u>			
WIA Family Literacy	151,931	143,717	(8,214)
Title V	194	194	0
Other Federal Grants	33,340	33,340	0
Serve MI Grant	4,522	4,522	0
Total Revenues from Federal Sources	\$189,987	\$181,773	(\$8,214)
Total Revenues	\$2,530,101	\$2,478,110	(\$51,991)
<u>OTHER FINANCING SOURCES</u>			
Transfer from Other Funds	588,000	588,000	0
<u>TOTAL REVENUES AND OTHER FINANCING SOURCES</u>	<u>\$3,118,101</u>	<u>\$3,066,110</u>	<u>(\$51,991)</u>



LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2008

	BUDGET	ACTUAL	VARIANCE
<u>INSTRUCTION</u>			
Salaries - Professional	\$83,927	\$75,430	\$8,497
Fica, Retirement, Etc.	17,712	15,889	1,823
Purchased Services	8,313	7,095	1,218
Supplies and Materials	11,420	10,554	866
Other	100	54	46
Total Instruction	\$121,472	\$109,022	\$12,450
<u>SUPPORT SERVICES</u>			
<u>Pupil Services</u>			
Salaries - Non-Professional	2,613	2,613	0
Purchased Services	44,620	24,986	19,634
Supplies and Materials	3,938	738	3,200
Total Pupil Services	\$51,171	\$28,337	\$22,834
<u>Instructional Staff</u>			
Salaries - Professional	75,035	73,871	1,164
Salaries - Non-Professional	31,000	29,395	1,605
Insurances	32,691	31,801	890
Fica, Retirement, Etc.	26,224	25,436	788
Purchased Services	90,919	75,536	15,383
Supplies and Materials	32,643	11,949	20,694
Other	1,800	309	1,491
Total Instructional Staff	\$290,312	\$248,297	\$42,015
<u>General Administration</u>			
Salaries - Professional	123,650	123,041	609
Salaries - Non-Professional	53,000	49,858	3,142
Insurances	31,200	30,985	215
Fica, Retirement, Etc.	43,000	40,308	2,692
Purchased Services	66,152	66,354	(202)
Supplies and Materials	11,600	7,245	4,355
Capital Outlay	1,500	1,119	381
Other	21,000	16,935	4,065
Total General Administration	\$351,102	\$335,845	\$15,257
<u>School Administration</u>			
Salaries - Professional	24,583	24,583	0
Salaries - Non-Professional	27,967	27,427	540
Insurances	6,860	6,625	235
Fica, Retirement, Etc.	13,058	12,744	314
Purchased Services	7,224	6,679	545
Supplies and Materials	2,232	2,214	18
Other	769	369	400
Total School Administration	\$82,693	\$80,641	\$2,052

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>SUPPORT SERVICES</u> (Continued)			
<u>Business Administration</u>			
Salaries - Professional	\$235,300	\$235,258	\$42
Salaries - Non-Professional	123,600	124,168	(568)
Insurances	97,980	97,848	132
Fica, Retirement, Etc.	88,420	88,253	167
Purchased Services	5,740	4,502	1,238
Supplies and Materials	6,500	4,686	1,814
Capital Outlay	1,500	320	1,180
Other	900	301	599
Total Business Administration	<u>\$559,940</u>	<u>\$555,336</u>	<u>\$4,604</u>
<u>Operation and Maintenance</u>			
Salaries - Professional	60,100	60,017	83
Salaries - Non-Professional	30,180	32,673	(2,493)
Insurances	9,000	10,108	(1,108)
Fica, Retirement, Etc.	22,430	22,893	(463)
Other Benefits	1,300	1,299	1
Purchased Services	30,779	20,346	10,433
Supplies and Materials	38,800	35,930	2,870
Capital Outlay	3,500	3,069	431
Other	330	40	290
Total Operation and Maintenance	<u>\$196,419</u>	<u>\$186,375</u>	<u>\$10,044</u>
<u>Other Support Services</u>			
Salaries - Professional	406,360	406,258	102
Salaries - Non-Professional	273,150	268,835	4,315
Insurances	152,200	152,656	(456)
Fica, Retirement, Etc.	167,900	165,512	2,388
Other Benefits	1,950	1,950	0
Purchased Services	88,400	81,221	7,179
Supplies and Materials	184,780	245,614	(60,834)
Capital Outlay	37,850	3,213	34,637
Other	1,650	665	985
Total Other Support Services	<u>\$1,314,240</u>	<u>\$1,325,924</u>	<u>(\$11,684)</u>
Total Support Services	\$2,845,877	\$2,760,755	\$85,122

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>COMMUNITY SERVICES</u>			
Salaries - Professional	\$68,500	\$65,267	\$3,233
Salaries - Non-Professional	10,600	7,870	2,730
Insurance	6,900	7,106	(206)
Fica, Retirement, Etc.	18,600	17,980	620
Purchased Services	25,440	10,653	14,787
Supplies and Materials	18,449	18,161	288
Other	1,200	1,142	58
Total Community Services	<u>\$149,689</u>	<u>\$128,179</u>	<u>\$21,510</u>
 Total Expenditures	 \$3,117,038	 \$2,997,956	 \$119,082
 <u>OTHER FINANCING USES</u>			
Transfers to Other Governmental Units	63,261	62,258	1,003
Chargebacks - Property Tax	1,800	544	1,256
Other Transfers	10,000	9,532	468
Total Other Financing Uses	<u>\$75,061</u>	<u>\$72,334</u>	<u>\$2,727</u>
 <u>TOTAL EXPENDITURES AND OTHER</u> <u>FINANCING USES</u>	 <u>\$3,192,099</u>	 <u>\$3,070,290</u>	 <u>\$121,809</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
SPECIAL EDUCATION FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2008

	BUDGET	ACTUAL	VARIANCE
<u>REVENUES FROM</u>			
<u>Local Sources</u>			
Property Tax Levy	\$2,200,000	\$2,225,172	\$25,172
Earnings on Investments and Deposits	102,000	100,651	(1,349)
Medicaid	450,000	468,407	18,407
Other Local Revenues	10,167	8,582	(1,585)
Total Revenues from Local Sources	\$2,762,167	\$2,802,812	\$40,645
<u>State Sources</u>			
Special Education	617,152	617,152	0
Other State Grants	32,101	32,101	0
Total Revenues from State Sources	\$649,253	\$649,253	\$0
<u>Federal Sources</u>			
I.D.E.A. Flowthrough	2,905,572	2,837,780	(67,792)
I.D.E.A. Preschool Incentive	107,130	107,130	0
State Initiated Grants	50,000	50,000	0
Transition Services	60,000	54,506	(5,494)
Other Federal Grants	28,000	5,596	(22,404)
Medicaid Administrative Outreach	70,000	91,310	21,310
Infant Toddler Grant	133,843	133,843	0
Total Revenues from Federal Sources	\$3,354,545	\$3,280,165	(\$74,380)
Total Revenues	\$6,765,965	\$6,732,230	(\$33,735)
<u>OTHER FINANCING SOURCES</u>			
Transfers from Other Districts	215,000	201,499	(13,501)
<u>TOTAL REVENUES AND OTHER FINANCING SOURCES</u>	<u>\$6,980,965</u>	<u>\$6,933,729</u>	<u>(\$47,236)</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
SPECIAL EDUCATION FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2008

<u>INSTRUCTION</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>Added Needs</u>			
Salaries - Professional	\$617,392	\$615,262	\$2,130
Salaries - Non-Professional	462,413	430,102	32,311
Insurances	309,870	296,861	13,009
Fica, Retirement, Etc.	266,792	264,604	2,188
Other Benefits	10,875	11,000	(125)
Purchased Services	137,950	120,038	17,912
Supplies and Materials	19,950	12,992	6,958
Capital Outlay	10,200	5,831	4,369
Other	1,000	461	539
Total Instruction	<u>\$1,836,442</u>	<u>\$1,757,151</u>	<u>\$79,291</u>
<u>SUPPORT SERVICES</u>			
<u>Pupil Services</u>			
Salaries - Professional	1,039,816	1,038,371	1,445
Salaries - Non-Professional	51,665	41,100	10,565
Insurances	244,792	244,539	253
Fica, Retirement, Etc.	268,846	264,139	4,707
Other Benefits	1,535	1,500	35
Purchased Services	115,308	75,773	39,535
Supplies and Materials	46,700	17,093	29,607
Capital Outlay	8,459	4,263	4,196
Other	770	6	764
Total Pupil Services	<u>\$1,777,891</u>	<u>\$1,686,784</u>	<u>\$91,107</u>
<u>Instructional Staff</u>			
Salaries - Non-Professional	7,916	5,777	2,139
Fica, Retirement, Etc.	997	658	339
Other Benefits	15,000	15,000	0
Purchased Services	63,800	40,265	23,535
Supplies and Materials	24,484	10,700	13,784
Total Instructional Staff	<u>\$112,197</u>	<u>\$72,400</u>	<u>\$39,797</u>
<u>General Administration</u>			
Salaries - Professional	184,960	184,941	19
Salaries - Non-Professional	159,220	158,876	344
Insurance	61,400	60,620	780
Fica, Retirement, Etc.	84,950	85,131	(181)
Other Benefits	3,520	3,248	272
Purchased Services	127,500	96,156	31,344
Supplies and Materials	12,930	9,898	3,032
Capital Outlay	2,500	712	1,788
Other	11,650	7,677	3,973
Total Instructional Staff	<u>\$648,630</u>	<u>\$607,259</u>	<u>\$41,371</u>
<u>School Administration</u>			
Salaries - Professional	85,400	85,335	65
Salaries - Non-Professional	35,600	35,615	(15)
Insurances	32,700	32,616	84
Fica, Retirement, Etc.	29,900	29,766	134
Purchased Services	4,500	4,902	(402)
Supplies and Materials	4,450	3,445	1,005
Other	1,100	868	232
Total School Administration	<u>\$193,650</u>	<u>\$192,547</u>	<u>\$1,103</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
SPECIAL EDUCATION FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>SUPPORT SERVICES</u> (Continued)			
<u>Business Administration</u>			
Purchased Services	\$150	\$99	\$51
<u>Operation and Maintenance</u>			
Salaries - Non-Professional	55,000	54,768	232
Insurances	25,000	23,609	1,391
Fica, Retirement, Etc.	13,600	14,099	(499)
Other Benefits	0	125	(125)
Purchased Services	23,000	16,105	6,895
Supplies and Materials	35,200	29,272	5,928
Capital Outlay	35,200	3,162	32,038
Other	100	40	60
Total Operation and Maintenance	<u>\$187,100</u>	<u>\$141,180</u>	<u>\$45,920</u>
<u>Transportation</u>			
Purchased Services	14,850	11,378	3,472
<u>Other Support Services</u>			
Salaries - Professional	30,866	30,866	0
Insurances	7,081	7,081	0
Fica, Retirement, Etc.	7,522	7,522	0
Purchased Services	3,000	683	2,317
Supplies and Materials	1,000	117	883
Total Other Support Services	<u>\$49,469</u>	<u>\$46,269</u>	<u>\$3,200</u>
<u>Total Support Services</u>	<u>\$2,983,937</u>	<u>\$2,757,916</u>	<u>\$226,021</u>
<u>COMMUNITY SERVICES</u>			
Purchased Services	120,741	120,290	451
Supplies and Materials	800	1,247	(447)
<u>Total Community Services</u>	<u>\$121,541</u>	<u>\$121,537</u>	<u>\$4</u>
<u>Total Expenditures</u>	<u>\$4,941,920</u>	<u>\$4,636,604</u>	<u>\$305,316</u>
<u>OTHER FINANCING USES</u>			
Transfer to Other Governmental Units	1,580,267	1,536,675	43,592
Transfers to Other Funds	1,232,700	1,232,700	0
Chargebacks - Property Taxes	5,000	2,423	2,577
<u>Total Other Financing Uses</u>	<u>\$2,817,967</u>	<u>\$2,771,798</u>	<u>\$46,169</u>
<u>TOTAL EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$7,759,887</u>	<u>\$7,408,402</u>	<u>\$351,485</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
VOCATIONAL EDUCATION FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2008

	BUDGET	ACTUAL	VARIANCE
<u>REVENUES FROM</u>			
<u>Local Sources</u>			
Property Tax Levy	\$5,200,000	\$5,177,937	(\$22,063)
Earnings on Investments and Deposits	97,000	97,214	214
Assessment Revenue	1,000	255	(745)
Program Sales	127,000	76,449	(50,551)
Rentals	10,000	10,015	15
Other Local Revenues	14,000	16,505	2,505
Total Revenues from Local Sources	<u>\$5,449,000</u>	<u>\$5,378,375</u>	<u>(\$70,625)</u>
<u>State Sources</u>			
State Aid - Added Cost - Sec. 61a.1	254,855	285,439	30,584
<u>Federal Sources</u>			
Workforce Investment Act	12,327	12,327	0
Tech Prep Program	32,102	30,628	(1,474)
Perkins Grant	146,211	146,211	0
Total Revenues from Federal Sources	<u>\$190,640</u>	<u>\$189,166</u>	<u>(\$1,474)</u>
Total Revenues	<u>\$5,894,495</u>	<u>\$5,852,980</u>	<u>(\$41,515)</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers from Other Districts	<u>8,000</u>	<u>7,905</u>	<u>(95)</u>
<u>TOTAL REVENUES AND OTHER FINANCING SOURCES</u>	<u>\$5,902,495</u>	<u>\$5,860,885</u>	<u>(\$41,610)</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
VOCATIONAL EDUCATION FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2008

	BUDGET	ACTUAL	VARIANCE
<u>INSTRUCTION</u>			
<u>Added Needs</u>			
Salaries - Professional	\$1,091,830	\$1,089,881	\$1,949
Salaries - Non-Professional	377,150	357,492	19,658
Insurances	323,580	321,776	1,804
Fica, Retirement, Etc.	362,750	353,981	8,769
Other Benefits	1,900	1,840	60
Purchased Services	170,361	150,639	19,722
Supplies and Materials	285,834	213,399	72,435
Capital Outlay	206,330	194,493	11,837
Other	17,200	10,888	6,312
<u>Total Instruction</u>	<u>\$2,836,935</u>	<u>\$2,694,389</u>	<u>\$142,546</u>
<u>SUPPORT SERVICES</u>			
<u>Pupil Services</u>			
Salaries - Professional	302,000	302,730	(730)
Salaries - Non-Professional	68,800	65,828	2,972
Insurance	65,300	65,232	68
Fica, Retirement, Etc.	87,650	86,375	1,275
Purchased Services	39,500	29,510	9,990
Supplies and Materials	5,700	4,416	1,284
Capital Outlay	320	311	9
Other	10,500	9,600	900
Total Pupil Services	<u>\$579,770</u>	<u>\$564,002</u>	<u>\$15,768</u>
<u>Instructional Staff</u>			
Salaries - Professional	3,500	3,270	230
Salaries - Non-Professional	78,871	78,641	230
Insurances	48,741	48,741	0
Fica, Retirement, Etc.	19,999	19,962	37
Purchased Services	36,602	26,153	10,449
Supplies and Materials	3,400	4,475	(1,075)
Total Instructional Staff	<u>\$191,113</u>	<u>\$181,242</u>	<u>\$9,871</u>
<u>General Administration</u>			
Purchased Services	4,200	4,125	75



LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
VOCATIONAL EDUCATION FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2008

	BUDGET	ACTUAL	VARIANCE
<u>SUPPORT SERVICES</u> (Continued)			
<u>School Administration</u>			
Salaries - Professional	\$171,900	\$171,843	\$57
Salaries - Non-Professional	111,400	110,620	780
Insurances	49,000	48,924	76
Fica, Retirement, Etc.	53,800	52,683	1,117
Other Benefits	1,300	1,299	1
Purchased Services	15,500	13,648	1,852
Supplies and Materials	8,050	5,785	2,265
Other	14,150	11,428	2,722
Total School Administration	\$425,100	\$416,230	\$8,870
<u>Business Administration</u>			
Purchased Services	600	455	145
<u>Operation and Maintenance of Plant</u>			
Salaries - Non-Professional	200,330	203,355	(3,025)
Insurances	67,000	66,844	156
Fica, Retirement, Etc.	48,900	52,219	(3,319)
Purchased Services	118,200	97,152	21,048
Supplies and Materials	183,000	155,360	27,640
Capital Outlay	131,000	37,232	93,768
Other	2,550	2,467	83
Total Operation and Maintenance of Plant	\$750,980	\$614,629	\$136,351
<u>Other Support Services</u>			
Salaries - Non-Professional	9,600	9,204	396
Insurances	3,000	2,577	423
Fica, Retirement, Etc.	2,450	2,267	183
Purchased Services	1,500	250	1,250
Supplies and Materials	2,250	1,592	658
Total Other Support Services	\$18,800	\$15,890	\$2,910
<u>Total Support Services</u>	\$1,970,563	\$1,796,573	\$173,990

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
VOCATIONAL EDUCATION FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2008

	BUDGET	ACTUAL	VARIANCE
<u>COMMUNITY SERVICES</u>			
Salaries - Professional	\$6,720	\$6,720	\$0
Salaries - Non-Professional	1,193	1,193	0
Fica, Retirement, Etc.	2,010	2,009	1
Supplies and Materials	1,962	1,962	0
<u>Total Community Services</u>	<u>\$11,885</u>	<u>\$11,884</u>	<u>\$1</u>
<u>Total Expenditures</u>	<u>\$4,819,383</u>	<u>\$4,502,846</u>	<u>\$316,537</u>
<u>OTHER FINANCING USES</u>			
Transfers to Other Funds	910,300	910,300	0
Other Transfers	174,862	149,178	25,684
Chargeback - Property Taxes	15,000	5,629	9,371
Transfers to Other Governmental Units	3,000	2,026	974
<u>Total Other Financing Uses</u>	<u>\$1,103,162</u>	<u>\$1,067,133</u>	<u>\$36,029</u>
<u>TOTAL EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$5,922,545</u>	<u>\$5,569,979</u>	<u>\$352,566</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
TRUST AND AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STUDENT ACTIVITY ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2008

	Due to (From) Student Activities and Other Organization July 1, 2007	Receipts	Disbursements	Due to (From) Student Activities and Other Organization June 30, 2008
<u>Student/Other Groups</u>				
Administration	\$63	\$2,336	\$2,106	\$293
Ag. Mechanics	1,272	4,639	4,860	1,051
Auto Body Repair	552	3,257	1,965	1,844
Auto Mechanics	881	3,721	3,233	1,369
Building Trades	868	3,842	3,930	780
CAD	8,749	3,520	10,482	1,787
Computer Networking	1,894	2,514	2,056	2,352
Cosmetology	395	0	395	0
Culinary Arts - V.I.C.A. Club	1,534	6,861	7,587	808
D.E.C.A. Club	7,356	40,376	41,164	6,568
Early Childhood	39	4,506	3,692	853
Electronics	3,656	8,888	12,035	509
F.F.A. Alumni	4,355	14,429	14,754	4,030
F.F.A. Club	9,968	50,915	58,255	2,628
H.O.S.A. Club	2,481	3,614	5,263	832
Interactive Media	74	12,330	11,300	1,104
ISD	1,781	418	41	2,158
Mechanical Construction	6,959	4,914	10,017	1,856
Metal Machining	1,375	7,659	8,880	154
Public Safety	1,590	6,672	5,530	2,732
Special Education	2,360	1,036	909	2,487
<u>TOTALS</u>	<u>\$58,202</u>	<u>\$186,447</u>	<u>\$208,454</u>	<u>\$36,195</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

1998 DURANT RESOLUTION PACKAGE BONDS

Date of Issue - November 24, 1998

Original amount of issue - \$628,619

	PRINCIPAL REQUIREMENT	INTEREST RATE	INTEREST REQUIREMENT	TOTAL FISCAL YEAR REQUIREMENTS
<u>PAYMENT DATE - MAY 15TH</u>				
2009	\$34,985	4.761353%	\$9,160	\$44,145
2010	36,649	4.761353%	7,494	44,143
2011	38,394	4.761353%	5,749	44,143
2012	219,013	4.761353%	77,579	296,592
2013	42,135	4.761353%	2,006	44,141
<u>TOTAL</u>	<u>\$371,176</u>		<u>\$101,988</u>	<u>\$473,164</u>

2000 SCHOOL BUILDING & SITE BONDS

Date of Issue: September 20, 2000

Amount Authorized: \$1,215,000

DATE	INTEREST RATE	PRINCIPAL AMOUNT	INTEREST AMOUNT NOVEMBER 1	INTEREST AMOUNT MAY 1	TOTAL
2008-2009	4.75%	\$225,000	\$10,688	\$10,688	\$246,376
2009-2010	4.80%	225,000	5,400	5,400	235,800
<u>TOTALS</u>		<u>\$450,000</u>	<u>\$16,088</u>	<u>\$16,088</u>	<u>\$482,176</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

2008 SCHOOL BUILDING & SITE BONDS

Date of Issue: March 11, 2008

Amount Authorized: \$3,645,000

<u>DATE</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST AMOUNT NOVEMBER 1</u>	<u>INTEREST AMOUNT MAY 1</u>	<u>TOTAL</u>
2008-2009	3.00%	\$145,000	\$83,463	\$65,319	\$293,782
2009-2010	3.00%	175,000	63,144	63,144	301,288
2010-2011	3.00%	210,000	60,519	60,519	331,038
2011-2012	3.00%	220,000	57,368	57,369	334,737
2012-2013	3.25%	235,000	54,069	54,069	343,138
2013-2014	3.25%	245,000	50,250	50,250	345,500
2014-2015	3.50%	255,000	46,269	46,269	347,538
2015-2016	3.50%	270,000	41,806	41,806	353,612
2016-2017	3.75%	280,000	37,081	37,081	354,162
2017-2018	3.75%	295,000	31,831	31,831	358,662
2018-2019	4.00%	310,000	26,300	26,300	362,600
2019-2020	4.00%	325,000	20,100	20,100	365,200
2020-2021	4.00%	340,000	13,600	13,600	367,200
2021-2022	4.00%	340,000	6,800	6,800	353,600
<u>TOTALS</u>		<u>\$3,645,000</u>	<u>\$592,600</u>	<u>\$574,457</u>	<u>\$4,812,057</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT

LAPEER, MICHIGAN

FEDERAL AWARDS  
SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2008

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Lewis & Knopf, CPAs, PC

Serving You with Trust and Integrity

October 3, 2008

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education of  
Lapeer County Intermediate School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lapeer County Intermediate School District, as of and for the year ended June 30, 2008, which collectively comprise the Lapeer County Intermediate School District's basic financial statements and have issued our report thereon dated October 3, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lapeer County Intermediate School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lapeer County Intermediate School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lapeer County Intermediate School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Lapeer County Intermediate School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Lapeer County Intermediate School District's financial statements that is more than inconsequential will not be prevented or detected by the Lapeer County Intermediate School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Lapeer County Intermediate School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lapeer County Intermediate School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.





Lapeer County Intermediate School District  
Page 2  
October 3, 2008

This report is intended solely for the information and use of management, the finance committee, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

LEWIS & KNOPE, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS



*Lewis & Knopf, CPAs, PC*

Serving You with Trust and Integrity

October 3, 2008

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

To the Board of Education of  
Lapeer County Intermediate School District

Compliance

We have audited the compliance of Lapeer County Intermediate School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Lapeer County Intermediate School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Lapeer County Intermediate School District's management. Our responsibility is to express an opinion on Lapeer County Intermediate School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lapeer County Intermediate School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Lapeer County Intermediate School District's compliance with those requirements.

In our opinion, Lapeer County Intermediate School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Lapeer County Intermediate School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Lapeer County Intermediate School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lapeer County Intermediate School District's internal control over compliance.



Lapeer County Intermediate School District  
Page 2  
October 3, 2008

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lapeer County Intermediate School District, as of and for the year ended June 30, 2008, and have issued our report thereon dated October 3, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Lapeer County Intermediate School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the finance committee, management, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

LEWIS & KNOPE, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH PROJECT NUMBER	PROGRAM OR AWARD AMOUNT
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Direct Award Passed Through U.S. Department of Education:			
Rural Education Achievement Program	84.358		
REAP		S358A075401	\$21,013
REAP		S358A065401	21,967
Total Rural Education Achievement Program			<u>\$42,980</u>
Passed Through Michigan Department of Education:			
Adult Education - State Grant Program	84.002		
Basic Grant Programs			
ABE - Instruction (06-07)		071130-711087	145,600
ABE - Instruction (06-07)		071190-711087	5,500
ABE - Institution (07-08)		081130-811087	145,000
ABE - Institution (07-08)		081190-811087	6,331
Total Adult Ed. - State Grant Program			<u>\$302,431</u>
Special Education - Grants to States	84.027		
Flow Through (06-07)		070450-0607	2,691,816
Flow Through (07-08)		080450-0708	2,717,956
Total Special Education - Grants to States			<u>\$5,409,772</u>
State Initiated Competitive (07-08)	84.027	080480EOSD	50,000
Service Provider Self Review (06-07)	84.027	070440-0607	2,646
Service Provider Self Review (07-08)		080440-0708	3,893
Total Service Provider Self-Review			<u>\$6,539</u>
Transitional Services (06-07)	84.027	070490TS	70,000
Transitional Services (07-08)		080490TS	60,000
Total Transitional Services			<u>\$130,000</u>
Total Special Education - Grants to States			<u>\$5,596,311</u>
Special Education - Preschool Grants	84.173		
Preschool Incentive (06-07)		070460-0607	107,175
Preschool Incentive (07-08)		080460-0708	107,130
Total Special Education - Preschool Grants			<u>\$214,305</u>
Special Education - Infant & Toddler Formula Grants	84.181		
Infant & Toddler (06-07)		071340-190	129,944
Infant & Toddler (07-08)		081340-190	133,843
Total Special Education - Infant & Toddler Formula Grant			<u>\$263,787</u>
Title V Innovative Education Grant	84.298		
Title V (07-08)		080250-0708	194
Improving Teacher Quality	84.367		
Title IIa (07-08)		080520-0708	280
Total Passed Through the Michigan Department of Education			<u>\$6,377,308</u>

ACCRUED (DEFERRED) REVENUE JULY 1, 2007	PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	ADJUSTMENTS PRIOR YEARS	CURRENT YEAR CASH/ PAYMENTS IN KIND RECEIVED	ACCRUED (DEFERRED) REVENUE JUNE 30, 2008
\$0	\$0	\$21,013	\$0	\$21,013	\$0
9,920	9,920	12,047	0	21,967	0
<u>\$9,920</u>	<u>\$9,920</u>	<u>\$33,060</u>	<u>\$0</u>	<u>\$42,980</u>	<u>\$0</u>
34,025	145,600	0	0	34,025	0
284	5,500	0	0	284	0
0	0	137,793	0	108,868	28,925
0	0	5,924	0	4,800	1,124
<u>\$34,309</u>	<u>\$151,100</u>	<u>\$143,717</u>	<u>\$0</u>	<u>\$147,977</u>	<u>\$30,049</u>
346,184	2,366,779	325,037	0	671,221	0
0	0	2,508,931	0	2,123,136	385,795
<u>\$346,184</u>	<u>\$2,366,779</u>	<u>\$2,833,968</u>	<u>\$0</u>	<u>\$2,794,357</u>	<u>\$385,795</u>
0	0	50,000	0	50,000	0
1,998	1,998	0	0	1,998	0
0	0	3,812	0	1,947	1,865
<u>\$1,998</u>	<u>\$1,998</u>	<u>\$3,812</u>	<u>\$0</u>	<u>\$3,945</u>	<u>\$1,865</u>
20,687	66,980	0	0	20,687	0
0	0	54,506	0	44,148	10,358
<u>\$20,687</u>	<u>\$66,980</u>	<u>\$54,506</u>	<u>\$0</u>	<u>\$64,835</u>	<u>\$10,358</u>
<u>\$368,869</u>	<u>\$2,435,757</u>	<u>\$2,942,286</u>	<u>\$0</u>	<u>\$2,913,137</u>	<u>\$398,018</u>
5,537	107,175	0	0	5,537	0
0	0	107,130	0	107,130	0
<u>\$5,537</u>	<u>\$107,175</u>	<u>\$107,130</u>	<u>\$0</u>	<u>\$112,667</u>	<u>\$0</u>
52,570	129,944	0	0	52,570	0
0	0	133,843	0	102,827	31,016
<u>\$52,570</u>	<u>\$129,944</u>	<u>\$133,843</u>	<u>\$0</u>	<u>\$155,397</u>	<u>\$31,016</u>
0	0	194	0	194	0
0	0	280	0	280	0
<u>\$461,285</u>	<u>\$2,823,976</u>	<u>\$3,327,450</u>	<u>\$0</u>	<u>\$3,329,652</u>	<u>\$459,083</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH PROJECT NUMBER	PROGRAM OR AWARD AMOUNT
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through Sanilac Intermediate School District			
Vocational Education - Basic Grants to States	84.048		
Perkins Secondary Regional Allocation (07-08)		08350/8012-11	\$146,211
Passed Through St. Clair Intermediate School District			
Special Education Grants to States			
IDEA Part B Start Grant	84.027	N/A	7,176
IDEA Part B Start Grant		N/A	5,596
Total IDEA Part B Start Grant			<u>\$12,772</u>
Passed Through Huron Intermediate School District			
Tech-Prep Education	84.243		
Voc Ed - Tech Prep Implementation (07-08)		083540-8014-11	<u>32,102</u>
<u>TOTAL U.S. DEPARTMENT OF EDUCATION</u>			\$6,611,373
<u>U.S. EMPLOYMENT &amp; TRAINING ADMINISTRATION</u>			
Passed Through Thumb Area - Michigan Works			
Workforce Investment Act	17.259		
WIA (06-07)		N/A	20,000
<u>CORPORATION FOR NATIONAL &amp; COMMUNITY SERVICE</u>			
Serve America	94.004		
Serve Michigan Grant (06-07)		30600-27673	24,500
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Medicaid Assistance	93.778		
Medicaid Outreach		N/A	<u>91,310</u>
<u>TOTAL FEDERAL AWARDS</u>			<u>\$6,747,183</u>

ACCRUED (DEFERRED) REVENUE JULY 1, 2007	PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	ADJUSTMENTS PRIOR YEARS	CURRENT YEAR CASH/ PAYMENTS IN KIND RECEIVED	ACCRUED (DEFERRED) REVENUE JUNE 30, 2008
\$0	\$0	\$146,211	\$0	\$146,211	\$0
3,244	7,176	0	0	3,244	0
0	0	5,596	0	5,596	0
<u>\$3,244</u>	<u>\$7,176</u>	<u>\$5,596</u>	<u>\$0</u>	<u>\$8,840</u>	<u>\$0</u>
0	0	30,628	0	13,655	16,973
<u>\$474,449</u>	<u>\$2,841,072</u>	<u>\$3,542,945</u>	<u>\$0</u>	<u>\$3,541,338</u>	<u>\$476,056</u>
2,673	7,673	12,327	0	15,000	0
10,042	19,066	4,522	0	14,564	0
0	0	91,310	0	91,310	0
<u>\$487,164</u>	<u>\$2,867,811</u>	<u>\$3,651,104</u>	<u>\$0</u>	<u>\$3,662,212</u>	<u>\$476,056</u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES/RECONCILIATION TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008

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<u>FEDERAL REVENUE RECOGNIZED FOR SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</u>	<u>\$3,651,104</u>
<u>FEDERAL REVENUE RECOGNIZED PER THE GENERAL PURPOSE FINANCIAL STATEMENTS</u>	
General Fund	\$181,773
Special Education Fund	3,280,165
Vocational Education Fund	<u>189,166</u>
<u>TOTAL</u>	<u>\$3,651,104</u>

- 1) The Schedule of Expenditures of Federal Awards had been prepared under the modified accrual basis of accounting.
- 2) Management has utilized the Grants Section Auditors Report (Form R7120) in preparing the Schedule of Expenditures of Federal Awards. All differences between the Schedule of Expenditures of Federal Awards and the Form R7120 have been reconciled in the attached reconciliation on page 8 of this report.



LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
RECONCILIATION OF FORM R 7120 " GRANT SECTION AUDITOR'S REPORT"  
TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008

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Current Payments Per the Grant Section Auditor's Report	
Cash Management System	\$3,329,652
<u>Add:</u> Grants Passed Through Other Agencies:	
Passed Through Sanilac Intermediate School District	
Vocational Education - Basic Grants to States (CFDA 84.048)	146,211
Passed Through St. Clair Intermediate School District	
Special Education Grants to States (CFDA 84.027)	8,840
Passed Through Huron Intermediate School District	
Tech-Prep Education (CFDA 84.243)	13,655
Passed Through Thumb Area - Michigan Works	
WIA (CFDA 17.259)	15,000
Passed through Michigan Department of Education	
Serve Michigan Grant (CFDA 94.004)	14,564
Passed Through US Department of Health & Human Services	
Medical Assistance (CFDA 93.778)	91,310
Direct Grant Passed Through Michigan Department of Education	
Rural Education Achievement Program (CFDA 84.358)	<u>42,980</u>
 <u>TOTAL CURRENT YEAR RECEIPTS PER SCHEDULE OF</u> <u>EXPENDITURES OF FEDERAL AWARDS</u>	 <u><u>\$3,662,212</u></u>

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT- LAPEER, MICHIGAN  
SUMMARY OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008

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**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued:

Unqualified

Internal control over financial reporting:

- Is a “going concern” explanatory paragraph included in the audit report? ☐ Yes ☒ No
- Is a significant deficiency disclosed? ☐ Yes ☒ No
- Is any Significant deficiency reported as a material weaknesses? ☐ Yes ☒ None reported
- Is a material noncompliance disclosed? ☐ Yes ☒ No

**Federal Awards**

- Dollar threshold use to distinguish between type A and type B programs: \$ 300,000.00
- Did the auditee qualify as a low-risk auditee? ☒ Yes ☐ No
- Is a significant deficiency disclosed for any major program? ☐ Yes ☒ No
- Is any significant deficiency reported for any major program as a material weakness? ☐ Yes ☒ None reported

Type of auditor’s report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

☐ Yes ☒ No

Identification of major programs:

CFDA Number(s)  
84.027/84.173

Name of Federal Program or Cluster  
Special Education Cluster

**SECTION II – FINANCIAL STATEMENT FINDINGS**

There were no current year findings.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no current year findings.

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

There were no prior year findings or questioned costs.

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS  
FOR THE YEAR ENDED JUNE 30, 2008

FEDERAL GRANTOR/PROGRAM TITLE/ SUBRECIPIENT	FEDERAL CFDA NUMBER	SUBRECIPIENT PROJECT NUMBER	SUBRECIPIENT AWARD AMOUNT
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<u>IDEA Flowthrough (06-07)</u>	84.027	070450-0607	
Almont Community Schools			\$125,415
Chatfield School			18,703
Dryden Community Schools			49,718
Imlay City Community Schools			155,022
Lapeer Community Schools			483,270
North Branch Community Schools			180,248
Total IDEA Flowthrough (06-07)			<u>\$1,012,376</u>
<u>IDEA Flowthrough (07-08)</u>	84.027	080450-0708	
Almont Community Schools			124,228
Chatfield School			19,416
Dryden Community Schools			51,256
Imlay City Community Schools			163,278
Lapeer Community Schools			476,747
North Branch Community Schools			186,342
Total IDEA Flowthrough (07-08)			<u>\$1,021,267</u>
<u>Adult Education and Family Literacy (06-07)</u>	84.002	711087-071130	
Huron Intermediate School District			6,690
Tuscola Intermediate School District			28,716
Family Literacy Center			18,400
Total Adult Education and Family Literacy (06-07)			<u>\$53,806</u>
<u>Adult Education and Family Literacy (07-08)</u>	84.002	811087-081130	
Tuscola Intermediate School District			28,716
Family Literacy Center			25,087
Total Adult Education and Family Literacy (07-08)			<u>\$53,803</u>
<u>IDEA Preschool Incentive (06-07)</u>	84.173	060460-0506	
Imlay City Community Schools			13,574
Lapeer Community Schools			53,458
North Branch Community Schools			16,968
Total IDEA Preschool Incentive (06-07)			<u>\$84,000</u>
<u>IDEA Preschool Incentive (07-08)</u>	84.173	080460-0708	
Imlay City Community Schools			15,523
Lapeer Community Schools			48,393
North Branch Community Schools			20,084
Total IDEA Preschool Incentive (07-08)			<u>\$84,000</u>
<u>TOTAL U.S. DEPARTMENT OF EDUCATION</u>			<u>\$2,255,446</u>

<u>DUE TO (FROM)</u> <u>SUBRECIPIENTS</u> <u>JULY 1, 2007</u>	<u>SUBRECIPIENTS</u> <u>PRIOR YEAR</u> <u>EXPENDITURES</u>	<u>CURRENT YEAR</u> <u>CASH TRANSFERRED</u> <u>TO SUBRECIPIENTS</u>	<u>EXPENDITURES</u> <u>REPORTED BY</u> <u>SUBRECIPIENTS</u>	<u>DUE TO (FROM)</u> <u>SUBRECIPIENTS</u> <u>JUNE 30, 2008</u>
\$0	\$125,415	\$0	\$0	\$0
983	18,703	983	0	0
0	49,718	0	0	0
4,386	155,022	4,386	0	0
52,746	483,270	52,746	0	0
0	180,248	0	0	0
<u>\$58,115</u>	<u>\$1,012,376</u>	<u>\$58,115</u>	<u>\$0</u>	<u>\$0</u>
0	0	122,311	122,311	0
0	0	18,641	19,341	700
0	0	51,256	51,256	0
0	0	163,277	163,277	0
0	0	476,747	476,747	0
0	0	181,039	181,039	0
<u>\$0</u>	<u>\$0</u>	<u>\$1,013,271</u>	<u>\$1,013,971</u>	<u>\$700</u>
0	6,690	0	0	0
2,689	28,716	2,689	0	0
10,133	18,400	10,113	0	20
<u>\$12,822</u>	<u>\$53,806</u>	<u>\$12,802</u>	<u>\$0</u>	<u>\$20</u>
0	0	28,716	28,716	0
0	0	25,087	25,087	0
<u>\$0</u>	<u>\$0</u>	<u>\$53,803</u>	<u>\$53,803</u>	<u>\$0</u>
0	13,574	0	0	0
5,537	53,458	5,537	0	0
0	16,968	0	0	0
<u>\$5,537</u>	<u>\$84,000</u>	<u>\$5,537</u>	<u>\$0</u>	<u>\$0</u>
0	0	15,523	15,523	0
0	0	48,393	48,393	0
0	0	20,084	20,084	0
<u>\$0</u>	<u>\$0</u>	<u>\$84,000</u>	<u>\$84,000</u>	<u>\$0</u>
\$63,652	\$1,096,376	\$1,214,726	\$1,151,774	\$700

LAPEER COUNTY INTERMEDIATE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS  
FOR THE YEAR ENDED JUNE 30, 2008

FEDERAL GRANTOR/PROGRAM TITLE/ SUBRECIPIENT	FEDERAL CFDA NUMBER	SUBRECIPIENT PROJECT NUMBER	SUBRECIPIENT AWARD AMOUNT
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<u>Medicaid Assistance</u>	93.778	N/A	
<u>Medicaid Outreach</u>			
Almont Community Schools			\$6,853
Chatfield School			2,035
Dryden Community Schools			3,171
Imlay City Community Schools			16,663
Lapeer Community Schools			29,835
North Branch Community Schools			14,438
Total Medicaid Transportation			\$72,995
<u>CORPORATION FOR NATIONAL COMMUNITY SERVICE</u>			
<u>Learn and Serve America Grant</u>	94.004		
<u>Learn and Serve Michigan</u>			
Lapeer County MSU Extension		30600/27673	24,500
<u>TOTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS</u>			\$2,352,941

<u>DUE TO (FROM)</u> <u>SUBRECIPIENTS</u> <u>JULY 1, 2007</u>	<u>SUBRECIPIENTS</u> <u>PRIOR YEAR</u> <u>EXPENDITURES</u>	<u>CURRENT YEAR</u> <u>CASH TRANSFERRED</u> <u>TO SUBRECIPIENTS</u>	<u>EXPENDITURES</u> <u>REPORTED BY</u> <u>SUBRECIPIENTS</u>	<u>DUE TO (FROM)</u> <u>SUBRECIPIENTS</u> <u>JUNE 30, 2008</u>
\$0	\$0	\$6,853	\$6,853	\$0
0	0	2,035	2,035	0
0	0	3,171	3,171	0
0	0	16,663	16,663	0
0	0	29,835	29,835	0
0	0	14,438	14,438	0
<u>\$0</u>	<u>\$0</u>	<u>\$72,995</u>	<u>\$72,995</u>	<u>\$0</u>
1,840	19,066	6,362	4,522	0
<u>\$65,492</u>	<u>\$1,115,442</u>	<u>\$1,294,083</u>	<u>\$1,229,291</u>	<u>\$700</u>